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NATIONAL REVIEW

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The Soviet Union's performance during the last ten days is an object lesson in the problem that so obsesses our leaders: how to handle World Opinion. It is not a disregard for world opinion that permitted the Soviet Union to resume nuclear testing but, paradoxically, a concern for world opinion. World opinion *is* important: and the way to impress world opinion is by a policy of confident self-interest.

The "nonaligned nations," who were so expressive a year ago in their resentment of Charles de Gaulle's detonation of a nuclear firecracker in the Sahara Desert, are strangely silent (see below) concerning the explosion of three successive intermediate-sized dirty bombs over Central Asia. The world will go along dumbly, as ever awed by the singleness of the Communist purpose, made helpless by the arrant cynicism of Communist behavior. The Soviet Union has most to fear from World Opinion's suspicion that she may be going soft. An occasional Budapest (contrast: Suez, Cuba, Laos), here and there the execution of a Nagy, a shoe pounding the desk in the United Nations, a treaty violated at least once a quarter—the specific acts are barbaric, but they serve to impress upon the world the salient, unchanged and unchangeable, unmodified and unmodifiable, purpose of its foreign policy: to win the world at whatever cost. That determination is not one we can compete with for the reason that our determination to survive does not match the Communists' to prevail: so that, something like the odor of human funk on a wild beast, our indecisiveness, our fetishisms, our tergiversations, enrage the neutral nations, driving them to great lengths of conceit and presumption.

Mr. Kennedy has resumed underground tests. If we are testing, it must be because we have something to gain from testing. If we have something to gain from testing today, we had something to gain from testing yesterday. But yesterday we were at Geneva, jumping through Russian hoops, hoping to earn a few coppers of World Opinion. During that period the enemy was orbiting satellites, causing revolutions, most probably testing nuclear weapons underground—and consolidating its hold on world opinion at the same time. No doubt Mr. Khrushchev will instruct Mr. Kennedy when it is time again for us to suspend the development of our critical defenses. World Opinion will tell us when, and K owns World Opinion these days—and will, until the West by some striking act of iron gallantry galvanizes the decent instincts of humankind.

The WEEK

● *NR*, which campaigned for the resumption of our nuclear tests even before they first were stopped, rejoices that they may now begin again to play their proper and necessary role in defense of the nation and the free world. We congratulate Mr. Kennedy on his first positive decision as President, and wish him many more of the same.

● In the Chilean Congress, a strongly backed bill has been introduced for the expropriation of the primarily U.S.-owned copper mines. Compensation is proposed at $209 million, payable over a twenty year period. Not only is this sum a mere fraction of the mines' real value. It would cost Chile nothing at all, since in actuality it would be paid for by the United States, through grants and donations which are expected to total more than $200 million in the next two years alone. It is probable that this procedure of using U.S. grants to pay (at forced-sale rates) for Latin American properties owned by U.S. citizens, will become continentalized under the Alliance for Progress.

● The strike of 1,200 drivers of ready-mixed concrete trucks (Local 282 of Jimmy Hoffa's Teamsters) has ended, after eight weeks in which the construction industry in New York City and Long Island was brought almost to a halt. The strike was a great success: the drivers will get $4.00 an hour instead of the old $3.50 rate. Assuming they work 2,000 hours a year, this means $1,200,000 in wages "added" to the economy of the metropolitan area. But the construction industry in its eight-week recess deprived the same economy of about $192,000,000 in wages and purchases (again assuming 2,000 hours a year). So it will take New York and Long Island

about 160 years to "offset" that initial loss: and this is the most favorable method of computing the benefits of Jimmy Hoffa's power. In actual fact there has been no addition to the economy, for no new wealth has been created. There has simply been a redistribution of construction costs. The loss is not recoverable. If the Kennedy Administration is really serious in urging the "national greatness" as a reason for more federal intervention in the reconstruction of schools, roads, hospitals, housing projects, and all the rest, it might give up its plan tc place the nation's taxpayers still more clearly at the mercy of the likes of Jimmy Hoffa, and consider instead putting the likes of Jimmy Hoffa at the mercy of the anti-trust laws. That is, if the national greatness extends that far.

Behrendt, *Algemeen Handlsblad*, Amsterdam

"What? A trip abroad? Impossible! ! !"

● Cyrille Adoula—ruler of all the Congos by grace of Dag Hammarskjold, 20,000 UN mercenaries, and a quarter billion U.S. dollars—made a great hit at the Belgrade Summit of the Non-Aligned. He arrived on the last day, arm in arm with his First Vice Premier, Antoine Gizenga, Soviet-backed boss of the eastern provinces. Both pledged themselves to continue the enlightened policies "emanating from the man who among us is considered a hero—Patrice Lumumba." Indonesia's Sukarno was so moved by the reference to his late non-aligned colleague that he proposed all should stand for one minute in silent tribute to Lumumba's memory. All stood. At home, the UN troops continued, though not in silence, the systematic wrecking of Moise Tshombe's Katanga regime. Tshombe, foolish fellow, had got himself aligned. With us.

● Disorders are spreading throughout Northern Rhodesia. Among the events of the past fortnight: more than thirty schools destroyed; several Christian chapels, a chief's house, and many private houses and barns burned; hundreds of road blocks erected; stoning of cars; sabotage, by explosives or fire, of power plants and small factories; sinking of a government boat on the Zambesi river; mass removal of bicycle bells and burning of identity cards. Plainly, the Forces of Progress are on the march in still another country.

● Dr. Ian Stevenson, professor of neurology and psychiatry, and chairman of the department at the University of Virginia medical school, is off to India and Ceylon with a grant from the Parapsychology Foundation (New York) to study little children who sport memories of another life. He is looking for "what was called the soul in the nineteenth century." We hope some fakir takes him for a ride on a magic carpet and dumps him on his what was called fundaments in the nineteenth century.

● The UN has increased the number of seats for delegates and reduced the number of seats for spectators. One law the World Forum can't overrule is supply and demand.

● In 1794 President George Washington signed a treaty that guaranteed a New York reservation to the Seneca tribe "as long as the moon rises, the grass is green, the river flows and the sun shines." Now the Army Corps of Engineers is planning a dam on the Allegheny River that would flood two-thirds (9,000 acres) of the usable land of the Senecas. Dr. Arthur E. Morgan, former chairman of TVA, and an engineer retained by the tribe, points out that an alternate flood-control plan would leave the Seneca lands inviolate and the honor of the United States (in this instance) unreproached. But President Kennedy has said the project will not be halted. Not by a damsite. Who do those Senecas think they are, anyway—a racial minority?

● Says Peace Chief Shriver: Anybody who joins the Peace Corps to evade the draft will be disappointed. What about those who join the Army to evade the Peace Corps?

Toeing the Line with the Non-Aligned

On the day following the announcement of the Soviet decision to resume nuclear tests, the Associated Press asked each of the 24 delegations of the self-styled "non-aligned countries" assembled at Belgrade to comment. Eight, according to the AP dispatch, "declined comment." Most of the others made such trenchant observations as: "We hope that the menace of nuclear war will be averted" (Afghanistan); "At this time all should concentrate toward relaxing world tensions" (Ethiopia); "It is a shock for me and for you, too" (Ghana); "The whole world was surprised" (Lebanon); "Anything which hinders peace is considered against our policy" (Saudi Arabia); "Yemen has been opposed to nuclear tests"

(Yemen). Not a single one of the 24 made a straightforward condemnation of the Soviet move. The only two that even hinted discomfort were India ("The danger of war has been enhanced by the decision of the Soviet government") and Mali ("The Russian decision is a severe threat to world peace").

The following day Tito, as conference host, addressed the delegates. He departed from his prepared text long enough to explain that he "could understand the reasons adduced by the government of the USSR" for resuming tests. That cleared up, he went down the line for Moscow's position on every important international problem: Berlin, universal disarmament, UN membership for Red China, the works. For good measure he added a denunciation of the European Common Market.

Sukarno, Nkrumah, Pres. Dorticós Torrado (for Cuba) and Sekou Touré kept the ball rolling. As the roll call of heads of government continued, there were a few speakers —Nehru, Archbishop Makarios of Cyprus, and Nasser in his special way—who sounded mildly unhappy about the excessive openness of the alignment of the non-aligned. But not one had a word of direct criticism of the Soviet Union, not even thus confronted with the provocation of Berlin and the new Soviet tests that were being exploded in their faces; not one had a word of praise, of gratitude, or of friendship for the West.

During the course of these Belgrade proceedings the Congress of the United States passed a bill authorizing the spending of about $8 billion in foreign aid. The President, former President Eisenhower, and Secretary of State Rusk joined with most editorial writers and columnists to exhort Congress "to meet the acute and rising international threat" by raising this sum still higher in the appropriation committees, and guaranteeing all long-term aid promises made by the White House.

The nations present at Belgrade are due to get several of those $8 billion, to supplement the many, many billions they have received in the past. Tito alone has got something like $2 billion, and Sukarno is not far behind.

We really must be nuts.

Cuba: Unfinished Business

Asked at his August 30 press conference if he would comment on Charles J. V. Murphy's celebrated *Fortune* article on the Cuban invasion, the President replied: "No, I said from the beginning that I would not comment or attempt to, uh, the matter because I didn't think it was in the public interest. I'll merely state that this is the most inaccurate of all the articles that have appeared on Cuba."

It is accepted protocol that a sovereign cannot lie, though for "reasons of state" he may occasionally say what would be called "lies" if said by the rest of us. *NR* will therefore merely state that it is in a position to know that Mr. Murphy's sources of information on the Cuban invasion are as good as the President's. Mr. Murphy's narrative and analysis, or something very much like it,

BRIEFS: Several uncommitted nations, which attended last week's Belgrade conference, may be finding applied neutrality costly. France is expected to break off diplomatic relations with Yugoslavia in retaliation against Tito's recognition of Algerian rebels. Congressional displeasure at Tito and, to lesser extent Nehru, heightened by their Belgrade performances, could lead to reappraisal of their dollar needs . . . . Of African nations invited to clambake, only Togo, Nigeria and Upper Volta refused. . . . Going the rounds in the more uncommitted Belgrade circles, this word of admonition to Guinea and Ghana, whose irredentist plans include Mali: *Honi soit qui à Mali pense.*

Since Berlin: Commerce Dept. approval of export licenses for Iron Curtain countries has been harder to get . . . . **The House has appended to farm bill amendment that it is Congress' intent that surplus crops be exported "only to friendly nations"** . . . . House also, by (official) vote of 395 to 0, adopted resolution opposing recognition of Red China, Communist China's admission to UN. Dissenting — by voice vote — Democratic Reps. Thomas Ashley (O.), William Fitts Ryan (N. Y.) . . . . *Counterattack* warns that new Communist front, whose sole purpose is to arouse public opinion against Supreme Court decision last June ordering Communist Party to register as foreign agent, is called National Assembly for Democratic Rights. The first meeting will be held in NYC, Sept. 23, 24.

Tourists to Mexico report all five principal bookstores in Mexico City are saturated with pro-Communist, anti-American literature, much of it published by Foreign Language Publishing House, Moscow . . . . **At U. of Mexico School of Economics, which is Marxist dominated, English language exercises and translations done from texts of Marx, Engels and Lenin** . . . . Britain's seventh largest union, the Communist-led Electrical Trades Union, last week was expelled from 8 million-member British Trades Union Congress . . . . Among the handful of refugees who have made it safely into West Berlin in past fortnight are 70 "vopos," members of the East German People's Police . . . . Radio Moscow announces it is now broadcasting daily in Portuguese to Africa . . . . **The "Voice of Free Iran," which calls for revolt against the Shah, comes, say Iranian police sources, from Soviet Armenia.**

In training, on a two-wheeler, a Secret Service agent assigned to the White House. Purpose: he'll be able to keep up with Caroline when she graduates from her tricycle.

will be found in the history books written when the issues and interests recede.

Mr. Murphy's account confirms and amplifies the facts that have previously been available, and that *NR* summarized immediately following the invasion attempt. The essence is simple. The plan, as developed by CIA with the help of General Eisenhower and the Joint Chiefs, was feasible, but only on condition that air support was provided sufficient to knock out Castro's planes and to cover the beachhead. At the last minute, capitulating to the opinion of his civilian entourage—in particular, Chester Bowles, Adlai Stevenson, Senator William Fulbright and also Secretary of State Rusk (whose role was obscure until now clarified by Mr. Murphy)—the President refused the air support, on the grounds that the required U.S. intervention would be "immoral" and damaging to our sacred Image.

It is well to have the facts straight. But Cuba is not a folder now ready to file and forget. Unfortunately, we *do* have to cry over this spilt milk: it's still spilling, faster than ever. The President doesn't want to talk about Cuba. Very well—and very understandable. Let him then act without talking, but act. If he can't defend an island in our strategic harbor, how does he think he can defend Berlin?

There is some new stirring among the 150,000 Cuban exiles. Carlos Prío Socorras, the last constitutional president of Cuba, has just made a crowded trip through the exile colonies in all the Caribbean countries. He has called for formation of a Cuban government-in-exile, noting his willingness to serve as its head. As soon as founded, he wants for it U.S. and Latin American recognition, and U.S. arms. "The Soviet Union is giving arms to Castro. There is no reason why the United States should not give us arms. With twenty jets, the invasion of last April would have succeeded."

Prío, whose record in the past has been spotty to say the least, may not be the ideal man for the job he nominates himself for. But he is making sense.

From Brazil

SAO PAULO (*from our Brazil correspondent*): "Quadros' highly reliable political instinct told him the West was slipping, and that therefore the only way to retain any semblance of Brazilian independence was to pull away from the U. S. and shift, relatively, toward Moscow. In external relations he would thus be considered progressive. Internally, he was determined to rescue Brazil from the inflationary mess Kubitschek left it in. . . Undoubtedly Quadros expects to be called back to save Brazil from the anomalous regime of a figurehead, fellow-traveling president, and an anti-Communist premier backed by the armed forces. But the press is bitter over his capricious resignation, and are not treating him like a de Gaulle, gone back to Colombey-les-Deux-Eglises, to await a resumption of national sanity and his ensuing coronation. .

• At Home •

Washington

The ever-alort, ever-loving Washington press corps demonstrated last week that its nose for news is turning redder every day—and not because of its attendance at the National Press Club bar. It reported briefly and casually that General Edwin A. Walker was testifying before the Senate Armed Services Committee. But it failed to mention what every correspondent knew—that the subject of the secret hearing was a proposed investigation of the *Overseas Weekly*, a sex-scandal sheet which is sold on European PX newstands. It was the *Overseas Weekly* whose false and malicious story cost General Walker his command of the 24th Infantry Division and blighted the career of a brilliant and courageous soldier.

The reason for this oversight is simple. General Walker is the New Frontier's Banquo. He was set up and knocked down by Administration hatchet men to serve as an object lesson to other anti-Communist officers. It has therefore been the policy of the Administration to play down any mention of General Walker which will indicate that he is still held in high esteem by a substantial part of the Congress.

The Administration's anti-anti-Communist line is more than a vague directive. Secret meetings, attended by leaders from both the Executive and Legislative branches, are being held to hammer out a strategy which will cripple the Senate Internal Security Subcommittee and the House Committee on Un-American Activities, hamstring the FBI's work in the anti-Communist field, and deprive outspoken senators and representatives of federal patronage if they persist in demanding stronger measures against the reinvigorated American Communist movement.

If New York Governor Nelson Rockefeller's political future were in the hands of Republican legislators, he could be written off as a Presidential contender right now. Having recovered from their violent reaction to his efforts at influencing legislation, they have now begun to laugh at him—and laughter is far more destructive than anger. Mr. Rockefeller made his first mistake by writing to every Republican in Congress urging him to support President Kennedy's "backdoor spending" foreign aid program. When his agents on Capitol Hill informed him that this effort had merely infuriated Capitol Hill Republicans, his reaction was typical. He wrote a second letter to Republican National Chairman William Miller saying that what he had *really* meant was just the opposite of what he had said. The guffaws on Capitol Hill could be heard for miles.

On the Democratic side, all is not sweetness and light either. Speaker Sam Rayburn's aching back is real enough. But it has not been lost on his colleagues that he returned to Texas for treatment rather than go to some Washington doctor. Mr. Rayburn has left the political scene for reasons which have nothing to do with health. He is a man jealous of his prerogatives—and in the past months, he has developed an abiding hatred for Attorney General Robert Kennedy. It is the Speaker's job to handle Democratic House members and to work for the enactment of the President's program. But Mr. Rayburn has been forced to watch Bobby take over these duties and powers—and do the job badly. Bobby's answer to opposition has always been political blackmail. He has threatened reluctant Democrats with everything from denial of patronage to an FDR type of purging at the primaries if they do not vote for the President's "must" bills. Mr. Rayburn has usually employed a far subtler and more effective form of persuasion—and he has not relished seeing his authority and prestige destroyed by what is known among Democrats as "Bobby's Mafia."

How long Mr. Rayburn may sulk in his tent is problematical. But the consensus among informed Democrats is that his withdrawal is permanent. Since politics abhors a vacuum, the battle of the succession has already been joined. The logical man to step into Mr. Rayburn's shoes is House Majority Leader John McCormack. But he is being challenged by Representative Francis Walter, who had indicated earlier that he did not intend to run for re-election. Rep. Walter is chairman of the House Committee on Un-American Activities, but his real power on the Hill stems from his chairmanship of a Judiciary subcommittee on Immigration. (Every congressman has powerful constituents who want Mr. Walter's approval of private bills to grant citizenship to friends or relatives.) If there is a chance that Speaker Rayburn will retire, Mr. Walter would like to succeed him. House Democrats are already choosing sides—and Capitol observers expect a real Donnybrook.

At 1600 Pennsylvania Avenue, President Kennedy remains in the thrall of Professor Arthur Schlesinger Jr. and the ADA appeasers. What they advise is: 1) Recognition of Red China, and 2) submission to Moscow on Berlin ("We can't defend the city anyway, so why not turn it over to the United Nations?"). President Kennedy is disposed to accept these counsels. Only the fear of an open revolt by Congress and his hopes of re-election have so far led him to speak loudly while brandishing a foam-rubber bat. A concerted Republican attack would seem in order, but neither Senator Dirksen nor Representative Halleck, who represent the working leadership of the GOP in Senate and House, seems to be willing to make a fight of it.

QUINCY

Brazil has, unlike most Latin American countries, a rather strong constitutional tradition, which is not lightly upset. Already, with the presidency stripped of traditional powers, strict-constructionists are uneasy. It is unlikely they will set aside the entire Constitution to reinstate Quadros except in direct emergency. . . Meanwhile it is generally acknowledged that Goulart's presence, with or without plenary powers, is the gravest threat Brazil has ever faced. If, with the aid of Prestes' powerful Communists, he stages a successful *coup d'état*, write off all of Latin America. . . Goulart, by the way, is among the most successful grafters in Latin America (and they are easily the world's title-holders) . . . He is also a man of violent temper who, suspecting his wife of infidelity, beat her so savagely, she has been permanently hospitalized. . . Cheerio."

PEOPLE: Tower-type conservatism catching on. **Jack Cox,** conservative Texas Democrat who ran against Texas Gov. **Price Daniels** last year, announces he's switching to GOP . . . . **Chester Bowles'** former partner **William Benton** has informed Conn. Democratic leaders, including Democratic National Chairman **John Bailey,** that he's interested in running against **Prescott Bush** in '62. (Given the inside track for Democratic nomination at moment, is perennial New Haven Mayor **Richard Lee**) . . . . In Illinois rumors have it that a) American Motors President **George Romney,** a Liberal Republican, will run for governor next year and b) he might even be **Wendell Willkie**-type dark horse in '64 Presidential sweeps . . . . Senate Liberals saying that since **Hubert Humphrey** became Democratic Party Whip he's been acting more as Administration floor manager than Liberal towncrier . . . . Seventh Annual Constitution Day conference of **Harry Everingham's** 'We the People' will convene at Chicago's Sheraton Hotel, Sept. 15, 16, 17. For information write: 111 N. Wabash Avenue, Chicago.

When **Antoine Gizenga** finally turned up at Léopoldville last week he was flanked by smartly turned out, steel-helmeted guard of women soldiers, armed with toy pistols in cowboy-style holsters. . . . **El Campesino,** a Communist general in Spanish Civil War, believed to be behind recent raids into Spain from French Pyrenees. . . . French Gen. **de Pouilly,** one of the loyal generals during the abortive Generals' Revolt, has resigned in public demonstration of his disapproval of **de Gaulle's** Algerian policy. . . . **Joseph Ortiz,** who was sentenced to death in absentia for his part in rightist Algerian uprising of Jan. 1960, is reported to have set up a provisional government of French Algeria in the Balearic Islands.

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• Trends •

The Senate of the United States last week began an inquest which threatens to lay bare, not only a grave threat to American security, but the endemic hypocrisy of American Liberalism as well.

Under the insistent prodding of Senator Strom Thurmond (D-S.C.), the Senate Armed Services Committee has moved to examine the celebrated "Fulbright Memorandum," concerning anti-Communist seminars and schools being staged by the American military.

The Fulbright Memo discusses in some detail the alleged evils of anti-Communist seminars, and recommends a searching review of a 1958 directive authorizing them. It makes interesting reading alongside the usual Liberal encomia to "Freedom of Thought" and "Democracy"—to say nothing of President Kennedy's various utterances about standing up to Communism. It is a perfect union of softness toward Bolshevism, contempt for the native anti-Communism of the American people, and ruthless suppression of those who do not share that contempt.

The Memorandum urges the virtual silencing of all military officers who do not accept the appeasement policies of the Kennedy Administration and supports this view with a perverse and detailed sophistication: it thus assumes its place as the *Summa Theologica* of a campaign to erase all vestiges of anti-Communism from the minds of men professionally engaged in defending us again Communism.

This improbable effort began some months ago with the charge that Maj. Gen. Edwin Walker had enmeshed his 24th Division Command in the activities of the John Birch Society—a charge belatedly confuted by Secretary of the Army Elvis Stahr: that the onslaught involved more than Walker as an individual was demonstrated June 17, when reporter Cabell Phillips of the *New York Times* discussed Pentagon concern over similar leanings among other officers. "High officials at the Pentagon," Phillips reported, "have said that they hope this example [*i.e.*, the crucifixion of Gen. Walker] will have a restraining effect on other military men. . ."

A further and still more intriguing phase of the attack developed July 16, when Gus Hall, General Secretary of the American Communist Party, berated the military schools, saying such enterprises "cannot help but create our own 'French Generals,' who feel at home in Fascist circles, and are ready to lend themselves to their objectives."

Curiously enough, the identical charge crops up in the Fulbright Memorandum, which was leaked to Phillips July 20: "Perhaps it is far-fetched to call forth the revolt of the French Generals as an example of the ultimate danger," Fulbright said, "nevertheless, military officers, French or American, have some common characteristics arising from their profession and there are numerous military 'fingers on the trigger' throughout the world."

On August 2, Senator Thurmond at last succeeded in getting a copy of the Memorandum, and inserted it in the *Congressional Record*. The Liberals, who had hitherto behaved as if the issue did not exist, suddenly unleashed their counter-arguments. The Memorandum, they insisted, was simply intended to keep the military "out of politics" and to crack down on "extremists" appearing at the seminars. But as Senator Karl Mundt observed, Fulbright had had no objection when the military sought to enter "politics" by another door when, *e.g.*, Lt. Gen James Gavin and others indicted the performance of the Eisenhower Administration. At that time, Fulbright commented: "Their Commander-in-Chief complains that 'too many generals have all sorts of ideas.' Yet mankind moves on ideas. Men with ideas are the makers and shakers of the world. The larger their number serving the country, the more fruitful and vigorous the country." And he added: "I have read many of the statements made by some of our great generals . . . and they have persuaded me that they are correct."

In short, it is all right for generals to speak out on issues—so long as what they say agrees with the views of J. W. Fulbright.

As for "extremists," it is noteworthy that the major objects of Fulbright's attack have been highly-respected organizations in the field of Communist studies—The Institute for American Strategy, the Foreign Policy Research Institute, and the Richardson Foundation. Their crime can hardly be that of extremism; they are quite sober and intellectual. Obviously, their failing is simply that of being too severely anti-Communist.

That the crackdown is aimed at silencing anti-Communists *per se* is further evidenced by some blunt statements in the Fulbright Memorandum, including this one: "In the long run, it is quite possible that the principle of leadership will be, if it is not already, to restrain the desire of the people to hit the Communists with everything we've got." It is also evidenced by the phrases being struck by official censors from military statements. Senator Thurmond inserted some of these in the *Record*, as follows: "Communist conspiracy directed toward absolute domination of the world." "The steady advance of Communism." "The Communist Challenge." "Soviets have not relented in the slightest in their determination to dominate the world and to destroy our way of life," etc.

As an immediate result of the Fulbright Memorandum, several anti-Communist seminars have been cancelled—one in the Canal Zone, a second in Indianapolis, a third in the San Antonio area. The Indianapolis seminar was to have been co-sponsored by no less than twenty civic organizations. Among those scheduled to take part in this program were Gen. Thomas D. White, former Chief of Staff of the Air Force, Professor Gerhart Niemeyer of Notre Dame, and Dr. Charles Malik of Lebanon, former President of the United Nations General Assembly—extremists all.

M. Stanton Evans

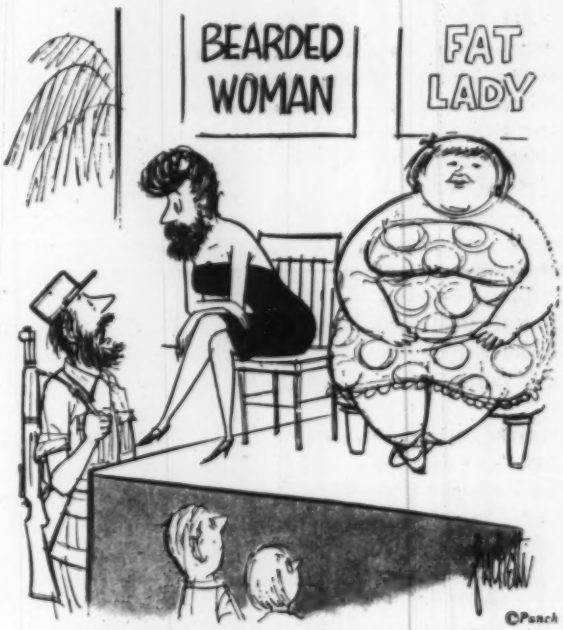
• Abroad •

Elizabethville. Many West European observers are convinced that behind Dag Hammarskjold's UN campaign to destroy the independence of Katanga and to oust its experienced European technicians lie not only Soviet pressures and the aspirations of India and Indonesia, but a well concealed united front between the Belgian Left and certain Anglo-American interests. Cyrille Adoula, head of the central government, is the leading Congolese trade unionist, long a favorite of the Walloon (French-speaking) left-wing socialists who have great leverage in the reorganized Belgian government that followed last year's mass strike. Irving Brown, the influential AFL-CIO European representative, has been close to both Adoula and the Walloon socialists, who, in turn, always hated both Tshombe and the Union Miniere. The U.S.-owned mines in Montana and Chile, even protected, are at a disadvantage in competing with the very rich, low-cost Katanga mines; and besides, there is a world copper surplus. One of the UN officials (Schwartz) operating in the Congo, once a representative of the Swedish firm of Boledin, a competitor of Union Miniere, recently visited the Katanga mining town of Kowezi with a Swedish diplomat. It is reported that Hammarskjold's own brother heads a new Swedish company, financed largely by U.S. capital, formed "to develop mining in the ex-Belgian Congo."

Vientiane, Laos. Observers here relate the delaying tactics of the Chinese and Russian delegates at the Geneva conference to local field intelligence. The combination convinces them that the Communists are pointing toward the end of the rainy season, due the latter part of this month. Under the then suitable climatic conditions, they expect the Communists to launch a cleanup campaign to extend their military superiority throughout all decisive areas of the country. This combined method of preparing in the field while negotiating in Geneva is the same as that followed by the Communists in the late lamented nuclear test affair.

Dar es Salaam, Tanganyika. In both Tanganyika and Southern Rhodesia, African refugees and exiles from Portuguese Mozambique — Angola's opposite number on Africa's east coast—have, with various allies, set up offices of "Udenamo" (National Democratic Union of Mozambique). No one has been able to check their claims of strength at home or abroad, their sources of funds, or the supply of arms about whose use they often speak. But there is no misunderstanding about their intention to spur Mozambique along Angola's bloody path as quickly as possible; and they believe it may be soon.

Paris. Gallimard has just published a disturbing book, *Menaces sur notre vie* ("Threats to life"), by Professor J.-L Pech. By both statistical and physiological evidence, Prof. Pech argues that the growing intake of antibiotics is having a negative effect on human health and mortality: not so much the antibiotics taken as medicine for specific ailments, which are relatively small in quantity, but the food products impregnated with antibiotics and their derivatives through the use of huge amounts of antibiotics in raising poultry, hogs, cattle, etc. He claims that resultant moulds in human intestines are responsible for the sudden surge in cholesterol content with the correlated increase in atherosclerosis and cardiac ailments.



"Fidel was wondering if you'd consider leading the women's militia?"

Oxford. For a century or more, Balliol College has been known not only for its intellectual leadership in the university but for the predominant radical, labor and socialist tendencies among both its fellows and its undergraduates. Against this background both town and gown have been staggered by Balliol's flat refusal to negotiate with the National Union of Public Employees, which demanded recognition as representative of the college's domestic staff.

Paris. Abbé Henri Breuil, who first convinced the world of the genuineness of the astounding prehistoric cave paintings, died August 14 at the age of 85. He became known to the scientific and art worlds sixty years ago when he successfully pleaded the case of the famous bison drawing noticed by the granddaughter of de Santuola on the floor of the cave at Altamira where her grandfather was digging. Abbé Breuil's explorations extended to prehistoric caves in Ethiopia, China and South Africa as well as Europe. Many believe his supreme achievement to be the drawings that he made, from positions of extreme physical discomfort, of cave paintings which could not be properly photographed.

• The Investor •

Stock options for management: Are they good or bad? Do they reduce the value of your stock or do they add to its value?

This has become the subject of highly emotional controversy. Some contend that stock option plans usurp the rights of stockholders, permit managers to gain large profits without risking any money; that they are an immoral giveaway. Union leaders, sensing latent public resentment against large management stock options, are in the forefront of the critics. And some congressmen believe the repeal of the stock option law, permitting the benefits to be treated as capital gains, has a vote-getting potential.

Stockholders also have criticized stock options as a huge unearned giveaway which has diluted the value of their stock. And many of them make their feelings known by noisy attacks on management stock option plans at annual company meetings.

With the complexity of the option programs and the multiplicity of attacks on them it is little wonder that many shareholders are confused about them.

Writing in the *Harvard Business Review,* Edwin Campbell, Vice President and General Manager of Laboratory for Electronics, Inc., suggests that part of the difficulty lies in the failure realistically to value options in corporation accounting.

The stockholder and the general public note the award of stock options to managers who make no cash outlay. At a later date it is often found that the officers have acquired stock with a market value hundreds of thousands of dollars in excess of the exercised option cost. Nowhere has a realistic value of the options been deducted in the company's income account.

Most options are granted at 95% of a stock's market value at the time of grant. This is in conformity with the federal law which disqualifies for capital gains treatment profits on a stock optioned at less than 95% of market value. Except for entering on company books the 5% cost difference between market price and option grant price, no cost is entered on the company's books in determining income.

As a consequence, Mr. Campbell contends, the public, including many shareholders, connects the issuance of the option without monetary payment and the cashed or uncashed profits of hundreds of thousands of dollars. Thus it appears to be a giveaway.

Mr. Campbell's suggestion for rectifying the situation is interesting. He says that, however difficult it may be accurately to value non-marketable stock options at the time granted, this can and should be done. Had the options a public trading, they would have a market price. Thus the worth of the options when issued is the measurement of the reward or compensation to management.

The worth of the options should be charged to the income account over the period of time during which the options may be exercised. Such a procedure would tend to fix in the minds of stockholders and also in management thinking the dollar value of what had been paid to managers as compensation through issuance of stock options. Obviously some options will expire without ever having exercisable value, and others, in contrast, will have great value.

The company officers who receive them have a tremendous incentive to build company earnings. If management succeeds, the stockholder also will be handsomely rewarded with greater dividends and a higher market value for his shares. If management fails, the stockholder will not prosper and the worth of the options disappears. That options can end up as worthless does not invalidate the fact that the options had a real value when granted.

Stock options, as a means of rewarding exceptional achievement by businesses, came about because: 1) In recent times fewer and fewer top management people are also owners of the business. Increasingly the managers are property-less men who have made their way by demonstrated ability and hard work. 2) The income tax brackets rise so rapidly to 50%, 60% and even 91% that larger salaries become meaningless as a reward for extraordinary effort and management achievement. To provide incentive, formerly a by-product of ownership by the founder and builder of a business, it has been essential to create a means for new professional managers to acquire an ownership interest and a means by which added compensation would not disappear through taxation. Large dollar salaries are often referred to by their recipients as payment in confederate money.

According to Henry Ford, II, the post-World War II transformation of "a bogged-down, antiquated, money-losing [Ford] company into a modern, efficient profit-making enterprise, capable of meeting the toughest kind of competition was made by a dozen or so skillful executives brought in from the outside after the war."

"Without the guidance of these men," says Ford, "the stockholder's equity might be half of what it is today. The contribution of this group to the growth of profits of the company has far exceeded any financial rewards they received in return. . . . We could not have offered them enough more in salary and possible bonuses to justify the risk of leaving secure positions for the uncertainties of our situation."

"They joined the Ford Motor Company largely on my promise that I would do my best to give them the opportunity to acquire a stake in the company as soon as it was feasible to do so."

The enormous post-war success of the Ford Motor Co., accompanied by millions of dollars of gain by the new managers (through stock options), is eloquent testimony to the great value of stock options to stockholders and to our nation's economy.

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